

Department of Social and Health Services

DP Code/Title: M2-NX Federal Funding Adjustments

Program Level - 040 Div of Developmental Disab

Budget Period: 2001-03 Version: D3 040 2001-03 2003 Sup Agency Req

Recommendation Summary Text:

This step requests the realignment of federal funding sources assumed in the 2001-03 Biennial Budget.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	3,300,000	3,300,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	0	(3,300,000)	(3,300,000)
Total Cost	0	0	0

Staffing

Package Description:

Historically, state only expenditures in budget unit H51, residential programs, have decreased from 8.63 percent to 6.6 percent in Fiscal Year 2002. It is estimated that in Fiscal Year 2003, Developmental Disabilities Services (DDS) will earn at a rate of 6.78 percent. This is 3.26 percent higher than the allotment, which is at 3.52 percent state; the difference is the \$3,300,000 being requested. These state-only expenditures reflect situations where the services are not covered within the Home and Community Based Services (HCBS) waiver, such as client allowance, client start-up costs, or facility start-up costs. Additionally, there are a number of clients who are supported with state-only funds because they do not qualify for the HCBS waiver due to income.

Additionally, the Legislature restricted the number of clients added to the waiver in the 2001-03 Biennial Budget. Also, the 2002 Legislature directed DDS to redirect some state-only expenditures as State Supplemental Payments (SSP). There will be approximately \$2.5 million per year of current state-only expenditures within H-51, which will be converted to SSP. Because these funds cannot be used to claim federal match, this will further restrict any opportunity to increase the federal match within H-51.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This proposal supports the department's strategic plan to maintain a safety net for people in need by delivering cash, food, medical benefits, child care, and other services to eligible people quickly and accurately.

Performance Measure Detail

Goal: 09Z A safety net is in place for people in need.

No measures submitted for package

Incremental Changes

FY 1

FY 2

Reason for change:

To align budgeted federal funding sources with projected federal earnings.

DDS will spend \$3.3 million more per year than the General Fund-State (GF-S) appropriation for budget unit H-51, Residential Programs. It will correspondingly underspend a similar amount in General Fund-Federal appropriation.

Impact on clients and services:

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None

Impact on other state programs:

None

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

To offset the shortfall within funding sources, DDS considered reducing services in Residential Programs or Community Services as follows.

Reduce support to clients currently supported in Residential Programs:

Most clients supported in H-51 have been placed on the HCBS waiver. Reductions in their current level of support could jeopardize federal match claims. DDS provides support to clients commensurate with their needs. If services are reduced, client health and safety may be compromised.

Reduce the number of clients supported in residential programs:

In a 1999 housing survey conducted by DDS, it was determined that 50 percent of clients live in multiple-person households. In the more expensive Supported Living program, 70 percent of clients lived in multiple-person households. Because the vacancy rate in the residential program is very low (less than one percent) and because most clients do not live alone, very few savings can be generated by not filling vacancies.

Reduce expenditures in other budget units within Community Services:

If the projected shortfall in H-51 cannot be addressed by other means, DDS will reduce services that do not compromise client health and safety or create problems with the Center for Medicaid and Medicare Services (CMS). The reductions would likely occur within Family Support or Employment and Day Programs.

Budget impacts in future biennia:

Corrections may need to be made each biennia based on actual federal earnings for individual federal funding sources.

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

These changes from official carry forward level assumptions are requested to better reflect expected federal earnings.

If the projected shortfall in H-51 is not addressed by other means, DDS will reduce services that do not compromise client health and safety or create problems with the CMS. The reductions would likely occur within Family Support or Employment and Day Programs.

Expenditure Calculations and Assumptions:

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See attachment - DDS M2-NX Federal Funding Adjustment.xls

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
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Program Totals

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	0	3,300,000	3,300,000
<i>Total for Fund 001-1</i>		0	3,300,000	3,300,000
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	0	(3,300,000)	(3,300,000)
<i>Total for Fund 001-C</i>		0	(3,300,000)	(3,300,000)
Total Overall Funding		0	0	0